

REMARKS

Introduction

- Claims 1, and 4-14, and 16 are now pending in this application.
- Claims 6-11, 13, and 14 currently stand as withdrawn.
- Claims 2, 3, and 15 have been canceled without prejudice or disclaimer of subject matter.
- Claims 1, 4, and 5 have been amended.
- Claim 16 has been added.
- Claims 1-5, 12, and 16 are currently under examination, of which claims 1 and 16 are in independent form.
- This application has been further reviewed in light of the "final" Office Action mailed on August 19, 2009. It is noted that a Notice of Appeal was timely filed on February 12, 2010. As September 12, 2010 was a Sunday, this paper is being timely filed. The Request for Continued Examination (RCE) submitted herewith contains the appropriate extension fee.

The Rejection under 35 U.S.C. § 101

Claims 1-5, 12, and 15 stand rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter.

Applicant notes that after the above-noted final Office Action was mailed, the United States Supreme Court decided *Bilski v. Kappos*, 561 US ____ (2010). In *Bilski v. Kappos*, the majority of the Court concluded that the machine-or-transformation test set out by the Federal Circuit¹ “is not the sole test for deciding whether an invention is a patent-eligible process,” but is a “useful and important clue” and “investigative tool” for determining whether some claimed methods are statutory processes. The Court found that Bilski’s patent application fell outside of 35 U.S.C. 101 because it claimed an “abstract idea.” Further, the majority of the Court made clear that at least some business methods are eligible for patent protection.

While finding Bilski’s method to be an abstract idea which was not eligible for patent protection, apart from indicating that the claims were too broad, the Court, in Applicant’s view, gave no clear guidance as to what it meant by “abstract idea.”

With that backdrop in mind, Applicant turns now to the claimed invention. In the previous response, Applicant argued that the claims transform the value of a repaired article realized by the owner into the value of an undamaged similar article when the owner disposes of the article, and that the value of the repaired article may be expressed in terms of money or currency, which means that the claims transform a particular article -- money -- into a different state or thing. In practice, Applicant argued, what is being transformed is the total amount of money that the owner will receive when selling an article that has been damaged and repaired (i.e., the sales price plus the recovery from insurance). Applicant also argued that, whether the Examiner considers the claimed “value” of the repaired article to be (A) money or (B) representative of money, the claims are patent-eligible.

¹The machine-or-transformation test is that “[a] claimed process is surely patent-eligible under § 101 if: (1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing.”

Claim 1 as amended recites:

1. An insurance product comprising a policy whereby the insurer transforms a number of dollars payable for a damaged and repaired article that has been insured into a number of dollars payable for an article that is similar but undamaged, when the owner disposes of the insured article, by compensating an owner of the repaired article a difference in the number of dollars payable for the repaired article and the number of dollars payable for the undamaged similar article, such that the transformed number of dollars payable for the repaired article is similar to the number of dollars payable for the undamaged similar article,

wherein

the insured article is a motor vehicle, and

the loss in the number of dollars payable for the insured article was incurred as a result of a diminution in the number of dollars payable for the insured article due to the insured article having been damaged in an accident, notwithstanding that the insured article was competently repaired after the accident.

In the most recent Office Action the Examiner states the following at paragraph 4:

The Examiner further notes that Applicant has amended claim 1 so that rather than reciting “undertakes,” it now recites “transforms,” apparently in an attempt to have the claim fulfill the “transformation” prong of the “machine-transformation test” provided in *Bilski*. In Applicant’s arguments, Applicant appears to be aware that a transformation of data as the underlying material is statutory only when the data being transformed represents a physical object or substance. Applicant further appears to believe the recited transformation meets this criterion, arguing that the underlying material is “money.” The Examiner respectfully disagrees, because the claim actually refers to transformation of the “value... of an article” which is not a physical object or substance, nor physical embodiment of money. (Emphasis added.)

From this it appears that the Examiner did not agree that “value” as recited in the claims is a physical object, since “value” is not a *physical* embodiment of money. Having the Examiner’s comments in mind, Applicant has amended claim 1 herein to recite, instead of the “value” of an article, the “number of dollars payable for...” the article. Dollars certainly are a physical object or substance, and certainly are a physical embodiment of money. Dollars are a particular article, and claim 1 transforms the number of dollars payable for the article into a “different state or thing.” In practice, what is being transformed is the number of dollars that

the owner will receive when selling an article that has been damaged and repaired (i.e., the sales price plus the recovery from insurance).

Claim 1 also recites, as noted above, that the insured article is a motor vehicle, and that the loss in the number of dollars payable for the insured article was incurred as a result of a diminution in the number of dollars payable for the insured article due to the insured article having been damaged in an accident, notwithstanding that the insured article was competently repaired after the accident.

Accordingly, claim 1 as a whole describes a particular solution to the problem being solved, in that the claim is particularly tailored to a method of insuring against a damaged and repaired article, specifically, a motor vehicle, by using a particular solution that is practically applied, i.e., compensating the owner of the repaired article in a tangible way, namely, providing the owner with a difference in the total number of dollars payable for the repaired article and for an undamaged similar article. The dependent claims even more specifically tailor the claimed invention.

For at least the foregoing reasons, Applicant submits that claims 1-5 and 12 are directed to patent-eligible subject matter.

New claim 16 is directed to patent-eligible subject matter for similar reasons; in claim 16, the vehicle that has been damaged and repaired is transformed into a different state, i.e., into the equivalent of a similar vehicle that has not been damaged.

The Rejection under 35 U.S.C. § 102(b)

Claims 1-5, 12, and 15 were rejected under 35 U.S.C. § 102(b) as being anticipated by Buggs (Buggs, Shannon, "Beef Up Insurance If Leasing Vehicle," Houston Chronicle, Houston, Texas, June 18, 2001).

Applicant submits that independent claims 1 and 16, together with the claims dependent therefrom, are patentably distinct from the cited reference for at least the following reasons.

Independent claim 1 recites an insurance product comprising a policy whereby the insurer transforms a number of dollars payable for a damaged and repaired article that has been insured into a number of dollars payable for an article that is similar but undamaged, when the owner disposes of the insured article, by compensating an owner of the repaired article a difference in the number of dollars payable for the repaired article and the number of dollars payable for the undamaged similar article, such that the transformed number of dollars payable for the repaired article is similar to the number of dollars payable for the undamaged similar article. As recited in claim 1, the insured article is a motor vehicle, and the loss in the number of dollars payable for the insured article was incurred as a result of a diminution in the number of dollars payable for the insured article due to the insured article having been damaged in an accident, notwithstanding that the insured article was competently repaired after the accident.

Accordingly, in claim 1, the insured article has been damaged and repaired.

In the previous response, Applicant argued as follows:

However, Buggs relates to lease agreements of vehicles and only discusses vehicles that have been destroyed, i.e., not repaired. Applicant notes, for example, page 2, paragraph 2 of Buggs, which states: “By Monday, her agent called to tell her the SUV would be totaled and to offer a claim settlement.” (Emphasis added.) Also, page 2, paragraph 8 of Buggs states: “If Allison demolished your leased vehicle - or an everyday collision destroyed it - there are some steps you can take to get the insurance settlement to cover the final payoff.” (Emphasis added.)

The Examiner cites page 2, paragraphs 10 and 11 of Buggs, which discusses so-called “gap insurance” of two types, replacement and payoff, for after a leased car has been destroyed. “Replacement” guarantees that the insured lessee will get a similar car to the one he or she was leasing; “payoff” allows the lessee to walk away from the damaged vehicle and the lease with paying only an insurance deductible. However, in both of those situations, the car is a leased car and has not been repaired; therefore, those situations are different from that of the claimed invention in which the car has been damaged and repaired and the owner is being compensated for a loss in value of the insured article as compared to a similar article that has not been damaged, when the owner disposes of the insured article.

To these arguments the Examiner does not cite any new portions of Buggs. The Examiner cites page 2, paragraphs 10-11 and 13-14, i.e., “gap insurance,” of which “replacement” and “payoff” are two types. Applicant addressed the “gap insurance” of Buggs above. In short, with “gap insurance,” whether in the form of “replacement” or “payoff,” the car is a leased car and has not been repaired; therefore, those situations are different from that of the claimed invention in which the motor vehicle has been damaged and repaired and the owner is being compensated for a difference of the insured article as compared to a similar article that has not been damaged, when the owner disposes of the insured article.

Buggs only relates to leased vehicles that have been destroyed and not repaired. In the example, “Her insurance company responded quickly and whisked away the SUV... By Monday, her agent called to tell her the SUV would be totaled and to offer a claim settlement” (page 2, paragraphs 1 and 2). See also paragraph 4 of page 2: “Once the car is totaled out...” And paragraph 8 of page 2: “If Allison demolished your leased vehicle - or an everyday collision destroyed it...”

The Examiner, in pointing to page 2, paragraphs 13-14, comments that “i.e. replacement insur[ance] provides a similar car, which the Examiner considers to be of similar value.” However, with “replacement” type, the car has been totaled, and has not been repaired. Everything in Buggs speaks to leased cars that have been totaled and not repaired. Paragraphs 13-14 of page 2 provide nothing otherwise.

The Examiner at page 4 of the Office Action points to page 2, paragraph 20 of Buggs. This portion of Buggs states:

A full report will tell you the insurance and motor vehicle and emission test history of a vehicle. So, if the car’s odometer has been rolled back, if it’s been in a flood, been recalled by the manufacturer or salvaged, that information would show up in the report.

From this the Examiner comments that “i.e. the car was in an accident but repaired well enough to sell.” The Examiner’s comments are incorrect. At page 2, paragraph 20, Buggs is discussing not the leased vehicle, which, again, has been totaled, but a vehicle that the insurance company is offering in replacement gap coverage. It is that vehicle – the one the insurance company is offering – that may have been “in a flood,” etc.; it is not the insured vehicle. To confirm this see paragraphs 18 and 19 of Buggs:

If you have replacement gap coverage, don't just accept whatever vehicle the insurance company offers you. Take the time to research the vehicle's history by doing a check on its 17-character digit vehicle identification number, or VIN...

At page 5 of the Office Action, still commenting on page 2, paragraph 20 of Buggs, the Examiner states "The Examiner also notes that an article could be damaged then repaired, then damaged again more severely such that it is totaled, wherein gap insurance would cover any difference between market value and what is owed to a financing entity." However, there is no teaching at all of this in Buggs, as explained meticulously above by quoting Buggs at length. And, again, the example provided in Buggs is that the person's SUV was damaged in Tropical Storm Allison and totaled. ("Her insurance company responded quickly and whisked away the SUV... By Monday, her agent called to tell her the SUV would be totaled and to offer a claim settlement"; page 2, paragraphs 1 and 2.) Buggs does not teach that the article "could be damaged then repaired, then damaged again more severely such that it is totaled," as asserted by the Examiner. Along these lines Applicant notes:

TO ANTICIPATE A CLAIM, **THE REFERENCE MUST TEACH** EVERY ELEMENT OF THE CLAIM *MPEP* 2131 (emphasis added).

In page 2, paragraph 20 of Buggs, the insured article has been destroyed, and it is a replacement article that the "full report" of history is directed to. Accordingly, this has nothing to do with the claimed invention, and cannot teach the claimed invention.

The reference does not teach every element of claim 1.

For at least the foregoing reasons, claim 1 is seen to be clearly allowable over Buggs.

Independent claim 16 recites features which are similar in many relevant respects to those discussed above in connection with claim 1. Accordingly, claim 16 is believed to be patentable for at least the same reasons as discussed above in connection with claim 1.

The other claims in this application are each dependent from one or another of the independent claims discussed above and are therefore believed patentable for the same reasons. Since each dependent claim is also deemed to define an additional aspect of the invention, however, the individual consideration or reconsideration, as the case may be, of the patentability of each on its own merits is respectfully requested.

Conclusion

In view of the foregoing amendments and remarks, Applicant respectfully requests favorable reconsideration and early passage to issue of the present application.

Respectfully Submitted

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